TASK FORCE ON HOUSING

Final report and recommendation



1333 NW Eastman Parkway

Gresham, OR 97030

I. Introduction

This document provides the final recommendations of the Gresham Task Force on Housing for City Council consideration. The Task Force recognizes housing as a significant issue that impacts all residents in the City. Housing supply, type and affordability are key livability issues in Gresham and across the region.

In order to further an approach to the City's overall housing strategy, the Task Force was convened to develop recommendations for City actions related to housing. Over the course of eight meetings from the fall of 2018 through the spring of 2019, the Task Force met and deliberated over existing conditions of housing in Gresham; explored policies that impact housing; discussed best practices; and developed toolkits to provide for the housing needs of residents in the City of Gresham. The toolkits were reviewed and refined into the recommendation contained in this document.

These recommendations are presented to ensure that Gresham will have a full range of quality housing to meet the needs for its current and future residents.

II. Key Findings and Needs

Like every city in Oregon, the challenges related to housing are significant. Costs for housing have risen faster than incomes have grown over the last few years in Gresham. In addition, since the Great Recession the construction of new housing units has not kept pace with demand. These challenges have impacted many residents in Gresham, particularly households with lower incomes. There has been ongoing work at the state and regional level to identify additional support; the City can support the regional and state work underway as well as create new actions to support residents in the City.

The Task Force discussed current conditions related to demographics and housing in the City. Key findings include:

- With a population of over 111,000 residents, Gresham has approximately 43,000 housing units.
- Gresham has become more diverse; our population is approximately 6% African American, double the region's average, and 17% Hispanic. Families comprise a significant share of households, with nearly a quarter of the City's residents under 18. Seniors comprise 13% of the population.
- Gresham has added about 1,000 housing units since the Great Recession, but regional supply has not kept pace with demand.
- While there is a need for new housing across every income level, Gresham has a lower supply of housing at the higher end of the income spectrum; Gresham also remains affordable relative to other cities in the region: over 90% of housing units are available below 80% of area median income.
- While Gresham is affordable relative to other cities, many families have relocated to east county which has resulted in increased competition for housing and rising rents; there are fewer choices for working families, and seniors on fixed incomes.

Figure 1: Housing Facts

GRESHAM HOUSING FACTS

111,039 23.3 square miles 4,763 people per square mile

Households



40,669 Number of households

Metro Area: 935,722 Oregon: 1,603,605

2.7

Persons per household

a little higher than the Metro Area: 2.6 about 10 percent higher than the figure in Oregon: 2.5

Units and Occupancy



43,333 Number of housing units

Metro Area: 992,546 Oregon: 1,768,582

\$296,300

Median home value of owner-occupied housing

about 80 percent of the amount in the Metro Area: \$376,000 and about 90 percent of the amount in Oregon: \$319,200

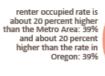
\$1,112

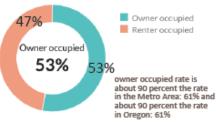
Median gross rent of an apartment

gross rent includes rent and utilities

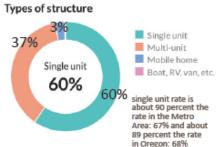
about 91 percent of the amount in Portland: \$1,216 and about 90 percent of the amount in the Metro Area: \$1,238

Ownership of occupied units





multi unit rate is about 1.3 times the rate in the Metro Area: 29% and about 1.5 times the rate in Oregon: 24%



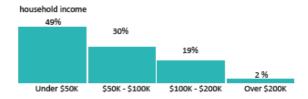
Income



\$51,130

Median household income

about two-thirds of the amount in the Metro Area: \$71,931 about eighty percent of the amount in Oregon: \$60,212



Source:
Data from US Census, ACS 1-year, 2017.
Struture/Tenure data from ACS 5-year, 2016.
Infographics from Census Reporter:
https://censusreporter.org
Updated September 20, 2018

This recommendation provides actions to increase support services as well as actions to increase housing supply and affordability. Below is a summary of the key actions.

Household Support

The Task Force recommends a variety of actions that support residents in finding and remaining in a home. These include:

- <u>Increase services for renters:</u> Additional City services for renters will increase stability and reduce involuntary displacement for households. There is an opportunity to create a comprehensive approach to provide resources and technical assistance by expanding staff work in this area and increasing partnerships.
- <u>Funding for down payment assistance and rent assistance:</u> The need for down payment and rent assistance is much greater than what is available with current funding. There is an opportunity to explore new funding sources to assist in renting or buying housing.
- Strengthen the rental inspection program: There are opportunities to strengthen the existing rental inspection program. This is a subject of considerable interest to the Task Force, with a desire for a future City work program to evaluate and provide recommendations to improve the overall effectiveness. The City rental inspection program is unique in the metropolitan region, and the Task Force discussed standardized reporting on the current program to Council and the public, and to evaluate of overall effectiveness. Concern of potential retaliation to renters who report violations was expressed in meetings, and the Task Force recommends the City explore protections to reduce the risk of retaliation and/or discriminatory practices that could arise during inspections.
- Monitor and support implementation on state rules: Legislation passed in 2019 (Senate Bill 608) provides a statewide framework for rent regulation that landlords in Gresham are required to implement. The City can identify ways to monitor and support implementation of these rules, and provide referrals to existing programs and organizations that can support assistance and education to both renters and landlords.
- Increasing education for renters, home buyers and property managers: The Task Force recommends a variety of strategies to improve communication and education for renters, home buyers, and property managers. There is significant opportunity to build upon and expand program development around education services by City of Gresham staff. Education enables residents to be better prepared for the home buying process. Education can help tenants understand their rights under the law and lower barriers to access housing Education services can also coach property managers on best practices, and assist in trouble shooting and problem solving. Better educational services including legal rights workshops can avoid disputes and complications between renters, property managers, and home owners. While there are a number of successful programs such as Rent Well, these can be expanded and more effectively coordinated with the help of City staff.

Housing Supply and Affordability

In order to meet the needs of a diverse economic and demographic population, the Task Force identified the need for all types of housing and recommends actions to increase the supply and affordability of housing. The Task Force discussed the current housing policy (Figure 2), the

need to encourage and promote a mix of housing types throughout the City and to avoid concentrations of any one housing type. These actions, developed with the technical assistance of the consulting firm Eco Northwest, can support housing development, remove barriers, and create new partnerships that extend resources available to advance housing affordability. These are listed according to phases of development; identifying actions that can make it simpler and more cost effective at each step in the development process. These include:

- <u>Site Selection and Land Control:</u> The Task Force recommends actions to assist in land acquisition for housing, including expanding the current relationships with land trusts, and the programs to identify purchasing rights and expiring contracts for affordability.
- <u>Project Design and Permitting:</u> There are a number of actions that can support more
 efficient and cost effective development approvals, including pre-development
 assistance, fast tracking permitting, and exploring space efficient housing in more
 locations throughout the City.
- <u>Financing:</u> Development grants and other mechanisms such as the current City incentive to finance System Development Charges can lower the overall cost of development.
- Operations: This recommendation includes actions to make operations more efficient for housing investments.

All together, the Task Force recommends over thirty actions for housing in the City. This includes six actions that would create a new City program or project. Other recommendations expand existing programs, maintain programs, or initiate further research.

Funding

Finally, these recommendations identify the need for additional funding. Additional funding streams will be important to advancing the City's goals. Some of the key avenues for increased funding include:

- Regional Affordable Housing Bond: The Metro regional affordable housing bond can be an important source of funding for the recommendations below, including areas such as land acquisition, land trusts, housing preservation, family sized housing units and new ownership housing.
- <u>Local Funding Sources:</u> In the coming years, the Task Force expressed a need to initiate a process to explore additional local funding sources that could support expanded programs and new programs.
- The Housing and Urban Development (HUD) sources, including Community
 Development Block Grants (CBDG) and HOME: Existing federal grants provide \$1.5 2
 million annually for rent assistance, new construction, improvements, rehabilitation, and home ownership programs.

III. Existing Housing Goals and Policies

Figure 2: Existing Gresham Housing Policy

Gresham Housing Policy

HOUSING OPPORTUNITIES

Gresham will have a full range of quality housing for its current and future residents.

- 1. Provide a full range of housing types and sizes that reflect the needs of Gresham's citizens through all life stages and circumstances.
- 2. Support the development of housing that reflects the square footage and number of bedrooms needed by the full range of family sizes from singles to large families.
- 3. Ensure that new housing developments are of high quality.

ECONOMIC DEVELOPMENT

Housing investments will contribute to Gresham's economic development goals.

- 1. Provide opportunities for mixed use developments.
- 2. Provide for all forms of "live/work" opportunities.
- 3. Promote a mix of housing types where appropriate.
- 4. Promote the use of the Gresham's workforce for development projects.
- 5. Promote the development of additional higherend ownership and rental "executive housing".

LIVABILITY

Gresham will provide for a variety of livable neighborhoods.

- 1. Avoid concentrations of any one housing type.
- 2. Permit appropriate housing types in locations that most benefit the viability of the overall City and its centers.
- Maintain existing City public investments and construct capital improvements that promote the viability of city neighborhoods.
- 4. Continue to evaluate the Development Code to ensure that it: Promotes walkability in and through neighborhoods; allows for the coordination of residential development with existing and new amenities, services and transit; allows for the correct residential density in the appropriate locations.
- 5. Ensure that new housing developments complement or enhance the character of existing quality neighborhood development.
- 6. Encourage housing developments to incorporate features of Crime Prevention through Environmental Design (CPTED).
- Coordinate with Tri-Met when planning for changes to residential densities.

REHABILITATION

Gresham's housing stock will be well maintained and will be rehabilitated when appropriate.

- 1. Ensure that Gresham's land use regulations support the rehabilitation and revitalization of both the existing single family and multi-family housing stock.
- 2. Promote the maintenance of good quality housing.
- 3. Endorse incentives promoting the rehabilitation of deteriorated but still good quality housing.

CITY ROLES

The City will use appropriate tools, including public-private partnerships, to achieve desired types and locations of housing.

- 1. Develop partnerships with private and non-profit housing providers that promote collaboration on the sizing of market rate and affordable housing.
- 2. Pursue local, state and federal financial support for both new housing and housing rehabilitation projects.
- 3. Utilize technical and procedural assistance programs for the promotion and construction of desired housing types.
- 4. Promote home ownership.

(Amended by Ordinance No. 1735 passed 11/19/2013; effective 12/19/2013)

The figure above lists the five goals and related policies for the City of Gresham Housing Strategy. These are adopted in the Comprehensive Plan. The Task Force reviewed these goals and policies, and used them as a starting point to identify objectives for the Task Force recommendations.

IV. Objectives to guide recommendations

Based on a review of the existing housing policy and information on existing conditions of the housing market, the Task Force deliberated and reached consensus on objectives to guide the development of these recommendations. At the March 2019 meeting the following three objectives were adopted:

- 1. Achieve a balance of interests in addressing housing access and affordability issues.
- 2. Develop a full range of housing supply and types in all neighborhoods that promotes livability and accommodates the diverse needs, preferences, financial capabilities, and well-being of all Gresham residents.
- 3. Promote residential stability, including solutions that foster inclusive communities, and reduce the risk of people being involuntarily displaced.

V. Recommendations

The recommendations in this report is comprised of two sections: actions to support the development of housing units in the City, and actions to improve household support, which includes both home ownership incentives and supports for renters. These categories further the objectives identified by the Task Force.

Figure 3: Two areas to further housing: Housing Unit Supply and Household Support



Housing Units

- Produce new housing units
- Preserve and/or renovate existing housing units
- Make land available for development



Household support

- Home ownership incentives
- Renter support

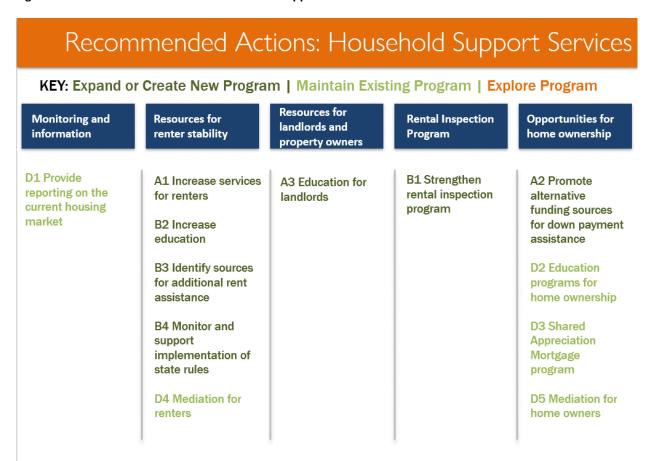
Over the spring of 2019 the Task Force worked with City staff and the consulting firm Eco Northwest, to develop a toolkit of strategies. The recommendations below includes seven actions to create or expand city services related to household support, as well as five actions to maintain current city programs in this area. For the recommendation regarding actions to increase housing supply and affordability, the Task Force identified eight actions to create or expand City programs, five actions to maintain City programs, and two actions to explore implementation options.

These two areas – Household Support Services, and Housing Unit Supply and Affordability – are detailed in the sections below.

Household Support Services

The Task Force identified the following recommendations to support households currently living in the City of Gresham. These recommendations are characterized as ways to help people through technical assistance, additional resources, education, and strengthening enforcement.

Figure 4: Recommended Actions for Household Support Services



Housing Support Services Tools for implementation

	Tool	Description	Short-term (2019/20)	Medium-Term (2021-2022+)
A	Create New City F	Programs		(
A1	Increase Services for Renters	Supports renter stability by providing resources and technical assistance for tenants through partnerships with existing City staff, county service providers and non-profits	 Create staff position for case management and coordination with resource providers. Develop opportunities for legal services in the City through third party expertise. Further opportunities for resource providers and organizations. 	 Increasing work of non-profit and legal service providers in the City. Revisit strategy each year
A2	Promote alternative funding sources for down payment assistance	Financing is often the biggest hurdle to residents buying a home. Expanding finance options will increase the number of residents who can purchase a home.	 Provide services to coordinate the variety of programs and opportunities for residents. Increase the availability of Individual Development Accounts (IDA). 	Explore leveraging private financing sources and grants.
АЗ	Education for landlords	Educational services can inform landlords of their rights and responsibilities, coach landlords on best practices, and assist in troubleshooting and solving disputes.	The City of Gresham has facilitated landlord workshops on a quarterly basis on a variety of issues. City staff can also work with property managers as part of the rental inspection program. The city maintains a web site with resources for property owners.	Continue to expand offerings.
В	Expand Existing C	ity Programs		
B1	Strengthen rental inspection program	Unique to most cities, Gresham conducts random, mandatory inspections throughout the year on residential rental properties in Gresham. These inspections ensure residential rental properties meet minimum standards of fire, health and life safety. As part of the rental inspection program, partner with – and hold accountable – landlords whose properties generate disproportionate complaints from tenants. Addressing specific landlords that have not complied with established codes and standards can increase the livability in the community and improve the tenancy for residents.	 Develop approaches to receive stakeholder feedback, and evaluate and recommend program improvements. Provide reporting and evaluation of effectiveness, include regular updates on the program goals and overall effectiveness. Address concerns and explore practices to address anonymity and retaliation. Explore best practices from other cities regarding nuisance properties. Develop menu of possible code changes for enforcement of nuisance properties and landlord accountability. 	Implement changes for program improvements and reporting.
B2	Increase education for renters	Increased education provides an orientation to landlord-tenant law and the information needed for tenants to know their rights, and increase the opportunity for stable housing. There are a number of programs currently available, including Rent Well, Home Forward programs, and a number of organizations that operate in the City.	 Expand the Rent Well program within the City of Gresham. Consider ways to coordinate and expand the work. 	In partnership with other organizations sponsor additional workshops, classes and other opportunities.
вз	Identify sources for additional rent assistance	Rent assistance provides a financial subsidy for renting.	Seek local funding mechanisms for rent assistance.	Implement changes

	Tool	Description	Short-term (2019/20)	Medium-Term
B4	Monitor and	Senate Bill 608 is a landmark law	Gresham staff can monitor and	(2021-2022+) • Continued
	support implementation of state rules	that fundamentally changes landlord tenant laws by regulating how and when Oregon landlords can increase rents, sets limitations on when landlords can use evictions, and requires landlords to pay relocation payments to tenants in certain circumstances.	understand how this law is being implemented within the City. • Enforcement of state regulations are based on self-reporting. Explore ways to support and provide resource to support reporting of properties not in compliance.	monitoring
С	Explore Implementation			
_		No actions currently	identified in this category	
D	Maintain Current	City Program		
D1	Provide reporting on the current housing market	City can utilize new tools for tracking the residential real estate market. This analysis can support programs in community development and urban design and planning.	Staff is currently utilizing this information for reporting needs.	
D2	Education programs for home ownership	Homebuyer education help first-time homebuyers learn the basics about the home buying process. They are taught in a classroom setting by experienced professionals who specialize in helping first-time homebuyers.	There are a number of organizations that provide home buyer education, such as Portland Housing Center, Habitat for Humanity, African American Alliance for Homeownership, Hacienda Community Development Corporation, and the Native American Youth & Family Center.	
D3	Shared Appreciation Mortgage Program	The City's Community Revitalization program works with Oregonlicensed lenders and the Portland Housing Center to offer Gresham residents the WELCOME HOME program. The program can loan up to \$20,000 to help qualified lowincome, first-time homebuyers pay for a down payment and reasonable closing costs.	Continue to leverage HUD funding for this program.	
D4	Mediation for renters	East Metro Mediation (EMM) provides neighborhood, workplace, and family mediation services to Gresham as well as Troutdale, Fairview, Wood Village, and unincorporated East Multnomah County. The mediation process is facilitated by a trained, impartial mediator, who provides a safe setting for both sides of the issue to be expressed.	No immediate additional actions.	
D5	Mediation for home owners	East Metro Mediation has specific programs to assist in foreclosure mediation. The talks are an effort to resolve the issue with the mortgage by mutual agreement before it reaches a default judgment or foreclosure sale.	No immediate additional actions.	

Housing Supply

Figure 5: Recommended Actions for Housing Supply

Recommended Actions: Housing Supply

KEY: Expand or Create New Program | Maintain Existing Program | Explore Program

Site Selection + Land Control	Project Design + Permitting	Financing	Construction	Operations
A1 Land Acquisition / Banking B5 Community Land Trusts D4 Purchase Rights D5 Notification of Expiring Contracts	A2 Space- efficient housing A3 Fast-tracked permits B2 Pre- Development Assistance C1 Incent Family-sized housing D2 Reduced Parking requirements	B4 Vertical Housing Tax Abatement D1 Finance SDCs Metro Bond* Local Funding Source*		B3 Grants for Recapitalization or Repairs B1 City Rental Inspection Program C2 Tax Abatements
	D3 Density or height bonus	*Funding s	ource to generate revenue to	invest in other programs listed

	Tool	Description	Short-term (2019)	Medium-Term (2020-2021+)
Α	Create New City I	Programs		
A1	Land Acquisition Strategy, Land Banking, and PPPs	Supports affordable housing by reducing or eliminating land cost from development.	 Direct staff to develop a City-led strategy to work with partners and optimize the use of City-owned land. Consider role of Metro Bond. Inventory City or publicly-owned property that could contribute to housing production. 	 Seek opportunities for partnerships with property owners or developers to implement strategy Revisit strategy each year
A2	Incentives for Space-Efficient Housing	Provides development standards that allow certain types of housing such as cottage clusters, internal division of larger homes, duplexes, and accessory dwelling units.	 Develop menu of possible code changes. Initiate conversations with key stakeholders. 	 Continue stakeholder conversations Implement changes Develop explanatory materials
АЗ	Expedited and Fast-Tracked Planning and Building Permit Review	Allows for faster development review for affordable housing, or for pre-approved housing development types, thereby reducing time and cost of new development to allow for lower rents to be charged.	 Clarify process differences. Explore independent permit review. 	Explore program expansion
В	Expand Existing (City Programs		
B1	Enhancements to City Rental Inspection Program	Enhancements the City's program to support renters and watch for opportunities to preserve housing that may be sold or may see rents increase.	 Explore connections among different enforcement programs. Develop and assess options for enhancement. Work with stakeholders to explore implications and outcomes from implementing potential changes. 	Implement changes
B2	Pre- Development Assistance	Grants or low interest loans for evaluation of site constraints and opportunities, development feasibility, conceptual planning, or other activities to reduce predevelopment costs.	 Initiate discussions about program expansions with staff. Clarify the role that City can play in supporting pre-development, given known development barriers in Gresham. Explore funding options to support expanded programs. 	Implement changes
В3	Grants/Loans for New Development and Preservation	Investments intended to help regulated and unregulated properties with development costs, loan recapitalization, and/or pay for necessary capital repairs so that land-owners can avoid selling to the private market for capital.	 Evaluate use of Metro GO Bond for grant or loan program. Consider development of housing inventory to identify housing preservation opportunities. Develop program criteria and processes. 	 Implement program criteria and initial investments
B4	Vertical Housing Tax Abatement	Subsidizes mixed-use buildings to encourage dense development or redevelopment by providing a partial property tax exemption on increased property value for qualified developments.	 Evaluate options for expanding the existing Vertical Housing Tax Abatement Zone. Evaluate impacts of the expansion on displacement for vulnerable populations. 	 Implement changes to the program, including geographic boundaries.

	Tool	Description	Short-term (2019)	Medium-Term (2020-2021+)
B5	Community Land Trusts	There are several community land trust models throughout the country. The model used in the Portland area involves a non-profit, municipal, or other organization owns land and provides long-term ground leases to low-income households to purchase the homes on the land, agreeing to purchase prices, resale prices, equity capture, and other terms.	 Continue conversations with Proud Ground about acquisition opportunities. Explore potential funding sources to support acquisition and partnership with Proud Ground including Metro Bond. Explore other CLT models and the role that the City might play. 	As appropriate, make decisions about more intensive partnerships or CLT approaches that might be appropriate in Gresham
С	Explore Implementation			
C1	Incentives for Family-Sized housing	Programs or tools that support the development of larger units.	 Clarify demand for affordable family-sized units in Gresham. Draft list of possible incentives. Review incentives with stakeholders. 	Implement as appropriate
C2	New affordable housing tax abatements	Conduct an analysis of available options to determine which are most appropriate to and viable in Gresham's market. Through a multifamily tax exemption, a jurisdiction can incent diverse housing options in urban centers lacking in housing choices or workforce housing units.	 Conduct an analysis of available options to determine which are most appropriate to and viable in Gresham's market. Consider how tax abatements can support a wide variety of housing distributed geographically throughout the City. 	Consider adopting new abatement programs
D	Maintain Current	City Program		
D1	Financing Building Permit and Planning Fees or SDCs	Program to finance permit fees and/or System Development Charges for affordable housing developments.	No immediate additional actions	
D2	Reduced Parking Requirements	Development standards that reduce the required number of parking spaces for affordable housing and/or housing near high-capacity or rapid transit.	No immediate additional actions	
D3	Density and Height Bonuses	Policies that allow increased density and/or height for regulated affordable housing and/or for housing types that tend to be lower cost (e.g. cottage homes, duplexes/triplexes, etc.)	No immediate additional actions	
D4	Policies Requiring or Incenting Purchase Rights to Nonprofits or City	Policy that would require landlords to notify cities and/or nonprofits of the intent to sell so that the cities/nonprofits have the ability to purchase land/properties before they turn to market rate (important for NOAHs)	 Coordinate with OHCS on policy changes. Coordinate with non-profits, including CASA of Oregon. Identify what other possibilities are possible per Oregon law, and other resources that might be available through partners. 	

	Tool	Description	Short-term (2019)	Medium-Term (2020-2021+)
D5	Policies Requiring Notification of Expiring Contracts	Policy requiring that rent-regulated properties coming upon their regulatory expirations notify cities or nonprofits (again to enable cities/nonprofits to purchase the properties before they turn to market rate)	 Continue to work with OHCS and state agencies to monitor expiring contracts. 	
E	Explore Additiona	l Research		
	Inclusionary Zoning	Requires or incents developers to set aside a certain share of new housing at a price affordable to people of low or middle income.	 Staff to explore applicability of this tool, and other zoning mechanisms, to facilitate new housing inventory. This entails an understanding of market conditions within the City and best practices. Staff to monitor impacts of inclusionary zoning in other jurisdictions in the region to understand regional effects. 	
	Reduced or Waived Permit Fees or Systems Development Charges	An array of programs that offer reductions or waivers on a project's system development charges or permit fees, which reduces the cost to build those types of housing.	Staff to explore additional research strategies to reduce the cost of development.	

Financing

Metro's Affordable Housing Bond

The primary tool available to the City over the next few years will be Metro's Affordable Housing Bond, which regional voters passed in 2018. Gresham's capital allocation is estimated to be \$26.7 million. This tool can fund land acquisition, development grants, and grants/loans to support capital projects for housing construction and preservation. The City is currently developing a draft Local Implementation Strategy (LIS), which will identify a plan for development of the units within the City, strategies to advance racial equity, and community engagement. Recommendations of all the above actions, including a land acquisition strategy (A1), grants/loans for development (B3) and expanding community land trusts (B5) should be considered as options for the bond.

Explore Local Funding Sources

In the coming years, the Task Force emphasizes the need for the City to initiate a process to explore additional local funding sources that could support expanded programs and new programs. A local funding source can provide the City with more opportunity to implement the above actions.

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